



Raceway Gas



Retail Partner Programs

1995 Retail Merchandising

1995 Retail Co-Marketing

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Tobacco Company





1995 Merchandising Program - Pack Outlets

<i>Program Comparison</i>	
<u>Old Program</u>	
Industry Volume based	RJR Volume - Pay for performance
Volume ranges	Volume ranges
- Broad	- Multiple
- Capped near trade average	- Competitive in high volume accounts
Base requirements	Base requirements
- 1 Full Price display	- 2 Full Price display
- 1 Savings display	- 1 Savings display
- Enhanced sign	
Minimal additional signage requirement	Share of signage equal to RJR SOM
Enhancement option - Payment flexibility	Enhancement option - Payment flexibility
Component (stand alone) option	Component (stand alone) option - Payment flexibility
Minimum Volume requirement	Minimum Volume requirement
- 76 Industry CPW	- 100 Industry CPW
	- 17 RJR CPW

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1995 Merchandising Program Requirements Pack Outlets

- **RJR Full Price Display in Primary Position**
- **RJR Full Price Display is in a 2nd, 3rd, or 4th Full Price Position**
- **RJR Savings Brand Display in a Primary Savings Position**
- **Display RJR "Lowest" brands, if applicable**
- **Provide RJR accurate volume information. Authorize primary and other suppliers to release brand style volume information to RJR.**
- **Provide RJR share of available signage (excluding signage on fixtures / displays) equal to RJR share of market.**

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1995 Merchandising Program Requirements

Pack Outlets *(continued)*

- Provide RJR share of space equal to RJR share of market on carton merchandisers, if applicable. Minimum acceptable space as determined by an RJR Representative.
- Ensure RJR brands are represented in all price tiers as required.
- Ensure adequate quantity of RJR brands are maintained to minimize out of stock, including brands designated for display.
- Provide RJR equal opportunity to place temporary promotional displays and signage, as requested.
- Accept new RJR brand styles as requested by RJR Representative.
- RJR reserves the right for final approval of display / advertising sizes and locations.

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1995 Retail Merchandising Program Potential Payments

<u>RJR Cartons Weekly</u>	<u>S/S Stores</u>	<u>NSS Stores</u>
17-26	\$ 90	\$ 60
27-35	\$ 120	\$ 81
36-42	\$ 150	\$ 100
43-48	\$ 170	\$ 114
49-57	\$ 185	\$ 126
58-67	\$ 200	\$ 135
68-78	\$ 215	\$ 145

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1995 Co-Marketing Promotion Accrual Program

Applies to both Pack and Carton Outlet Co-Marketers

<i>Co-Marketing Partnership Definition</i>	
<i>Total Category Partner</i>	<i>Co-Marketing Partner</i>
RJR Base Merchandising Elements	RJR Base Merchandising Elements
RJR Everyday Lowest Price in all applicable Price Tiers * (RJR may not be disadvantaged)	No RJR EDLP in all applicable Price Tiers *
Maximum per carton rate	Lower per carton rate
Premium Menu Option (RJR discretion)	No Premium Menu Option
Co-Marketing Base and Match options	Co-Marketing Match option only

* EDLP determined on a non-promoted basis

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1995 Co-Marketing Promotion Accrual Program

Co-Marketing Program Changes

<i>Program Comparison</i>	
<i>Old Program</i>	
Industry Volume Based	RJR Volume Based
Large volume categories	Small volume categories
EDLP Accounts Only	EDLP Accounts - Tot Category Partner Non-EDLP Accounts - Merch. Partner
Primarily Defensive Activity (Discounting)	Offensive & Defensive Activity Premium Menu - Total Category Partner
No carryover of unused funds	Funds carryover with RJR approval (not to subsequent years)
Same Rate applied to all participants	Rates differ on partnership level - Total Category Partner - Maximum rate - Merchandising Partner - Lower rate
No Mandated Match	Match required for Merchandising Partner
No Promotional Platform Requirement	Promotional Platform required for both Carton & Cigarette Outlets

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1995 Co-Marketing Promotion Accrual Program

<u>RJR Cartons Weekly</u>	<u>Monthly Accrual</u>
17-26	\$ 20
27-35	\$ 28
36-42	\$ 34
43-48	\$ 40
49-57	\$ 46
58-67	\$ 54

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1995 Retail Merchandising Program Component Display Option

- Full Price Display (16 minimum facings)
- Savings Display (24 minimum facings)
- Enhanced Sign

<u>RJR Cartons Weekly</u>	<u>S/S Stores</u>	<u>NSS Stores</u>
17-42	\$ 95	\$ 90
43-67	\$ 115	\$ 110

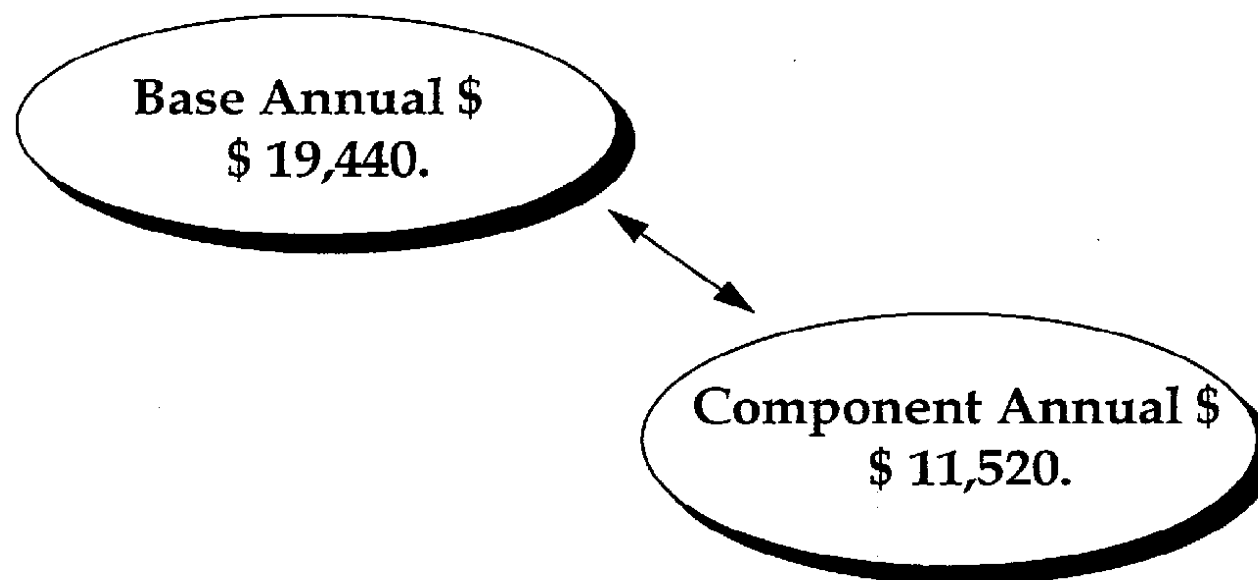
**Note: Component Program does not qualify for
RJR Co-Marketing Program.**

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1995 Retail Merchandising Program (Comparison of Base vs. Component Programs) 9 Stores



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The Co-Existence Strategy

Exposure

It takes all kinds of cigarettes to make the category #1.

Selection

The majority of cigarette consumers don't buy the best selling brand.

Co-Existence is Best For the Retailer

Inventory

Inventory doesn't sell cigarettes. Displays sell inventory.

Promotions

The more you do for your customers, the more you do for your sales.

Don't Sell Yourself Short !

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Business Recommendations

- Add second Full Price Display to qualify for Base Program.
(total of three (3) displays per store).
- Take full advantage of Co-Marketing Accrual Program as well as ongoing RJR Quarterly Promotions to increase business.
- Review Cigarette invoices quarterly to increase contract payments.

We look forward to working with you as a partner to achieve success in meeting the needs of our consumers and cigarette category objectives in 1995.

Thank You !

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